



Branch Banking & Trust Co.

Payment Systems

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July 22, 2011

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: Docket No. R-1419 and RIN 7100-AD 76

Dear Ms. Johnson:

Branch Banking and Trust Company and its affiliated banks and subsidiaries of BB&T Corporation (BB&T) appreciate the opportunity to comment on the Board of Governors' (the Board) proposed amendments to Regulation E (the Proposal) to provide new protections for consumers who send remittance transfers to consumers or entities in a foreign country.

As of June 30, 2011, BB&T is one of the largest financial services holding companies in the U.S. with \$159 billion in assets and market capitalization of \$18.7 billion. Based in Winston-Salem, N.C., the company operates approximately 1,800 financial centers in 12 states and Washington, D.C., and offers a full range of consumer and commercial banking, securities brokerage, asset management, mortgage and insurance products and services. A Fortune 500 company, BB&T is consistently recognized for outstanding client satisfaction by J.D. Power and Associates, the U.S. Small Business Administration, Greenwich Associates and others. More information about BB&T and its full line of products and services is available at www.BBT.com.

BB&T believes in providing our clients with clear, complete and accurate disclosures of our fees and other terms and conditions of the services we provide, and supports reasonable disclosure requirements that are applicable to all U.S. providers of consumer remittance services.

While many aspects of the Proposal provide for reasonable and practical disclosures and rules that would clearly benefit consumers, we believe the Proposal as a whole contains numerous requirements that will be difficult, if not impossible, for remittance providers to meet and will have significant negative unintended consequences for consumers. We believe that compliance with the proposed rules will be excessively complex and burdensome to the extent that many service providers, particularly community banks and those using wire transfers and ACH to process remittances, will be forced to limit, or eliminate entirely, their consumer remittance services. The unintended outcome of the Proposal will very likely be reductions in consumer choice and convenience, limitations in available remittance services, and higher fees. Additionally, any constraints on the

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availability of remittance transfer services from regulated U.S. providers may shift these transactions to unregulated providers, putting consumers at risk of unfair and deceptive practices and limiting the ability of U.S. law enforcement to detect money laundering and other illegal activity.

We also note that the Proposal fails to take into consideration the differences between “open network” systems (e.g., Wire and ACH, where multiple correspondent banks and intermediaries are frequently involved in processing a single transaction) and “closed network” systems (typically proprietary networks where the service provider has control of the remittance transfer from initiation through receipt by the beneficiary). At best, providers utilizing open networks will have limited ability to meet the Proposal’s disclosure requirements, and in some cases, the requirements will be unachievable. We urge the Board to exempt open network providers from the final rules, or alternately, establish separate requirements that allow for the limitation of open networks.

Additionally, we are concerned that the Proposal would cover transactions not traditionally considered to be remittance transfers. Specifically, although the Board recognizes that “remittance transfers” are typically considered to be cross-border person-to-person payments of relatively low value, the Proposal would cover a much broader range of transactions not historically considered to be remittances, including large dollar transfers originated by financially astute consumers for purposes such as real estate and stock purchase transactions. The Proposal would also call into question and undermine the long-established legal framework of UCC Article 4A governing the rights and responsibilities assigned to parties involved in international wire transfers. For these reasons, we strongly urge the Board to limit the definition of “remittance transfers” to transactions of \$1,000 or less.

In the Proposal, the Board specifically requests comment on projected implementation and compliance costs, and we believe these costs will be both exorbitant and prohibitive for the majority of open network remittance providers. For an open network provider, these costs will include, but are not limited to:

- Developing procedures and system modifications to distinguish cross-border ACH and wire transfer requests initiated by consumers from those initiated by commercial clients
- Identifying and maintaining records of the fees, exchange rates and processing schedules in effect at all of its domestic and international correspondents and other intermediaries which may be involved in processing the provider’s remittances
 - The provider may have no direct relationship with many of the intermediaries, making it difficult, if not impossible, to obtain accurate information
 - The fees, exchange rates and processing schedules will be beyond the provider’s ability to control and will generally be subject to change

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without notice (especially for those intermediaries with which the provider has no direct relationship)

- Identifying and maintaining records of fees, privacy laws and local and national taxes in effect for all of the countries to which it sends remittances
- Identifying and maintaining records, for each of the above countries, and possibly for specific banks within each country, of the specific correspondents and intermediaries involved in remittances sent to the country/bank
- Development of systems and processing that will access the current data for the appropriate correspondents, intermediaries, destination country, fees, taxes, exchange rates and processing schedules to provide accurate disclosures and receipts, for in person, online, telephone and mobile remittance requests
- Developing and maintaining policies, procedures, employee training materials, internal control systems and marketing materials

As noted previously, we believe these compliance and implementation costs will force many open network providers to either discontinue or severely restrict their remittance services. Those that continue to provide these services will almost certainly be forced to pass on their higher costs to their consumer clients.

Lastly, in response to the Board's request concerning the length of time needed to implement the Proposal, we recommend that the final rules become effective no earlier than 18 months following their publication. We believe this is this minimum amount of time that will be required to complete processing system modifications, development of disclosures, operating procedures, marketing and employee training materials, and modifications to agreements with correspondents and other intermediaries.

We also direct the Board's attention to a comment letter being submitted jointly by The Clearing House, the American Bankers Association, the Consumer Bankers Association, The Credit Union National Association, The Financial Services Roundtable, the Independent Community Bankers of America, the National Association of Federal Credit Unions, and the National Automated Clearing House Association (the Associations). BB&T participated in the development of the Associations' letter and agrees with and endorses the comments and recommendations it contains. The Associations' letter contains additional details and support for a number of the comments made in this letter.

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Thank you for your consideration of our comments, and please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph S. Blount", with a long, sweeping horizontal stroke extending to the right.

Joseph S. Blount
Senior Vice President